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SUBJECT: STAFFDEL ZWEIG DISCUSSES REFORM, GAZA, AND FMF
DURING OCTOBER 13-14 VISIT TO EGYPT

Classified by ECPO Minister Counselor Michael Corbin for
reasons 1.4(b) and (d).

¶1. (C) Summary: Staffdel Zweig held meetings on political reform, Gaza disengagement, and Foreign Military Funding (FMF) during its October 13-14 visit to Cairo. The delegation, consisting of Matthew Zweig and David Adams of the House International Relations Committee, also received a briefing at the Rafah border on plans for a new border crossing at Karem Shalom. End summary.

Gaza Disengagement and Syria

¶2. (C) During the staffdel's October 13 meeting at MFA, Director of Palestinian Affairs Randa Labib Hassan provided an assessment of the political situation in Gaza and described potential obstacles to further progress in the peace negotiations. She said:

-- Fatah will win in January if they can show that they are responsible for opening the border with Egypt;
-- Hamas mayors are making quick progress with civil projects and therefore getting credit for improving living conditions;
-- progress has been too slow on Special Envoy Wolfensohn's six point plan (especially safe passage, sea/airport);
-- although the GOI accepted the convoy proposal for Gaza-WB traffic, it has failed to implement the plan;
-- GOI contacts told her they object to an airport in Gaza because they fear it would lead to a 9/11-type incident;
-- GOI insistence on an Israeli presence at the seaport will bar progress on this issue;
-- the failure to address the internal closure matter may lead to a third intifada;
-- the best way to challenge Hamas is to let them join the campaign so that they will be forced to show how they will relate to Israel and improve the lives of Palestinians;
-- factions in the West Bank should be exempt from any pledge to disarm because Israel occupies the territory and continues attacks there.

¶3. (C) On Syria, Hassan said that Syrian contacts have complained that they have tried to open a dialogue with the U.S. on Iraq, but the U.S. refuses to engage.

Political Reform

¶4. (C) National Democratic Party reformer Dr. Hossam Badrawi told the Staffdel that although views on reform within the party vary, he does not believe that the party is at risk of fracturing. Badrawi said that enthusiastic reformers within the NDP:

-- realize that if the opposition is not a player, the democratic process will not move forward;
-- want to amend Article 76 of the Constitution if no opposition parties win the five percent of the parliamentary seats needed to run a candidate for President;
-- want to amend Article 77 of the Constitution to limit Presidential terms;
-- want to move to a list system for the parliamentary elections (vice individual candidates);
-- have pledged to prohibit NDP members who leave the party to run for election from returning;

¶5. (C) Badrawi speculated that the GOE has scheduled the parliamentary elections so that voting will occur last in the

areas in which the Islamists are more popular. He said that this will lessen the impact of any Islamist victories on voting in the densely populated areas like Cairo. On health and education, Badrawi said the GOE must limit the number of public servants who are providing these services and develop the private sector. The bigger challenge, he admitted, will be to develop an assistance system that will enable people to pay for health and education.

Rafah Visit

16. (C) During the Staffdel's visit to Rafah, officers from the Liaison Agency with International Organizations (LAWIO) briefed them on the status of the border post-disengagement. The LAWIO officers reported that the GOE had stopped a number of smuggling attempts and discovered eight tunnels in 2005. The officers also said that construction of the new terminal at Karem Shalom was proceeding around the clock and would be completed on or about October 29.

FMF Discussion with Ministry of Defense

17. (C) A Ministry of Defense team consisting of MG Al Assar, MG Fouad Abdel Halim, BG Ahmed Mo'taz, and MG Nagy briefed the staffdel on the symbolic importance of getting an earmark on Egypt's FMF. The group explained that:

-- nearly all the Congresspeople they talk to said they support an earmark for Egypt's FMF because of GOE cooperation on issues such as Gaza disengagement;

-- recent examples of cooperation include exploring a GOE role in training Afghan police and sending Egyptian engineers to support Provincial Reconstruction Teams in Afghanistan;

-- Egypt will perceive the absence of an earmark for the FMF as a sign that the U.S. is downgrading the relationship;

-- the absence of an earmark could require Egypt to reassess its modernization plan and consider buying less expensive non-U.S. military equipment.

18. (U) Staffdel did not have an opportunity to clear this message.

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